



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2022(1955)

December 15, 1989

SUBJECT: Criteria for County Committee Selection of
Applicants/Purchasers on Suitable Farm Inventory
Property

TO: State Directors, District Directors and
County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance and to clarify the process to be used in selecting a purchaser when more than one applicant submits a bid on a suitable farm inventory property. The intended outcome is to assure that the County Committee selects the purchaser who has the greatest need for farm income and best meets the farm ownership eligibility criteria, and that the decision is properly documented in the running case record.

COMPARISON WITH PREVIOUS AN:

There has been no previous AN issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

When more than one applicant makes a bid or an offer on a suitable Farmer Programs inventory property, the County Committee is charged with the responsibility of selecting the purchaser. The selection must be made from those individuals that have the greatest need for farm income and best meet the eligibility criteria for farm ownership assistance.

Suitable inventory property may be sold only to an operator (as of the time immediately after the contract for lease or sale is entered into) of not larger than a family-sized farm. A priority will be given to those applicants which are eligible for a Farmer Programs loan, this includes the need for farm ownership assistance.

EXPIRATION DATE: October 31, 1990

FILING INSTRUCTION:
Preceding FmHA
Instruction 1955-C



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Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

The County Committee has broad discretion in developing the evaluation criteria to be used in making their selection of the applicant who has the greatest need for farm income and best meets the farm ownership eligibility criteria. The criteria used, will be determined by the County Committee, and should be based on sound reasoning. It may vary from area to area or farm to farm. The County Committee must establish a basis for their selection and may wish to consider such criteria as:

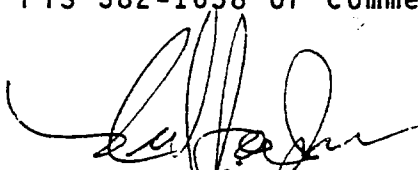
1. If the inventory property has adequate farm service buildings, which applicant has the greatest need for these buildings?
2. Which applicant(s) does not presently have a farm and/or non-farm income which provides an adequate standard of living, but would if he/she acquired the subject inventory farm?
3. If the inventory is an add on unit, which applicant has the greatest need for the inventory property being offered for sale or which applicant's unit does it best complement? This criteria may take into consideration the proximity of the applicant's existing unit and the inventory property as well as the feasibility of the integration of the two units into a single farm. For example, a dry land beef operation may have a need for an additional feed base, but would not necessarily be suited to being integrated with a truck farming unit or a poultry facility operation.
4. Which applicant(s) has the resources or access to the resources necessary to successfully operate the unit, taking into consideration the equipment, capital, and production and financial management ability necessary to operate the unit? This takes into consideration that many inventory properties are deteriorated, infested with noxious weeds, poorly developed, or have unusual features which may require particular management skills of a specialized nature. Consideration should be given to each applicant's past demonstrated production and financial management history.

The above are examples of criteria which may be considered. Each committee will need to develop its own criteria for each particular suitable inventory property when multiple bids are received.

This evaluation process must be consistent for an individual farm and the applicants who wish to purchase the farm. It is imperative that the criteria used by the committee and the reasons for the selection be well documented in the event that the decision is later appealed or reviewed.

Again, the criteria used in making a selection must be consistent from one applicant to another. The applicant's file(s) must be documented to reflect the evaluation criteria considered by the committee and the basis by which the selection is made.

If you have any questions, please contact James C. Root of Farmer Programs Loan Servicing and Property Management Division at FTS 382-1658 or commercial (202) 382-1658.



NEAL SOX JOHNSON
Acting Administrator

Sent by Time Delay Option to States at 11:30am on 12/19; to Districts at 1:30pm 12/19; and Counties at 3:30pm on 12/19 by ASD.